

Message Text

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11

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FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

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TO SECSTATE WASHDC 2853

INFO AMCONSUL ZAGREB

UNCLAS BELGRADE 2461

E.O. 11652: N/A

TAGS: EAID EFIN ETRD YO

SUBJ: WORLD BANK GRANTS DOLS 50 MILLION AGRICULTURAL CREDIT

SUMMARY : DOLS 50 MILLION WORLD BANK AGRICULTURAL CREDIT TO YUGOSLAVIA WAS ANNOUNCED MAY 12 COMPLETING ALMOST TWO YEARS OF NEGOTIATIONS. NOVI SAD VOJVODJANSKA BANKA IS MAJOR RECEIPT OF CREDIT WHICH WILL BE USED IN BOTH SOCIAL AND PRIVATE SECTORS IN ALL REPUBLICS AND PROVINCES, PRIMARILY FOR DEVELOPMENT OF CATTLE BREEDING, LAND RECLAMATION, REFRIGERATION, FRUIT GROWING AND MECHANIZATION. CREDIT IS BOOST TO DEVELOPMENT PLANS OF PRIORITY AGRICULTURAL SECTOR AND MAY OFFER SUBSTANTIAL EXPORT OPPORTUNITIES TO US SUPPLIERS.

1. DOLS 50 MILLION WORLD BANK CREDIT TO YUGOSLAVIA FOR AGRICULTURAL DEVELOPMENT WAS ANNOUNCED MAY 12 AFTER ALMOST TWO YEARS OF NEGOTIATION. CREDIT IS ABOUT DOLS 17 MILLION SMALLER THAN EARLIER INDICATED IN NEWSPAPER REPORTS. LOWER AMOUNT OF CREDIT IS EXPLAINED AS DUE TO ALREADY HIGH LEVEL WORLD BANK LOANS TO YUGOSLAVIA IN FISCAL 1975. CREDIT WILL BE AVAILABLE FOR INVESTMENT AFTER GUARANTEE AGREEMENT IS APPROVED BY FEC AND RATIFIED BY YUGOSLAV ASSEMBLY. RATIFICATION IS EXPECTED IN JUNE.

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2. CREDIT IS TO BE COMPLETELY UTILIZED BY JUNE 30, 1979 AND REPAYED BY APRIL 15, 1990. BECAUSE DRAWDOWNS FOR THIS CREDIT ARE PERMITTED TO FINANCE ONLY 40 PERCENT OF A GIVEN PROJECT, TOTAL AGRICULTURAL INVESTMENT CONNECTED WITH THIS CREDIT IS ABOUT DOLS 125 MILLION WITH THE ADDITIONAL 60 PER CENT (DOLS 75 MILLION) COMING FROM YUGOSLAV COMMERCIAL BANKS AND AGRICULTURAL ENTERPRISES.

3. EACH REPUBLIC AND PROVINCE WILL RECEIVE A SHARE OF LOAN BASED ON RESPECTIVE SHARE OF AGRICULTURE SECTOR IN TOTAL ECONOMIC ACTIVITY. VOJVODINA SHOULD RECEIVE ABOUT 27 PER CENT OF CREDIT FOLLOWED BY CROATIA 20 PERCENT AND SERBIA 19 PER CENT.

4. BOTH SOCIAL SECTOR AND PRIVATE SECTOR WILL PARTICIPATE IN CREDIT-- 57 PER CENT TO SOCIAL SECTOR, 43 PER CENT TO PRIVATE.

5. 50 PER CENT OF CREDIT WILL BE USED FOR DEVELOPMENT OF ANIMAL HUSBANDRY WITH TRUCK FARMING, FRUIT GROWING, MECHANIZATION, LAND RECLAMATION AND REFRIGERATION ALSO EARMARKED FOR SHARES.

6. ACCORDING TO POLITIKA EACH REPUBLIC AND PROVINCE IS TO DESIGNATE BANK WHICH WILL HANDLE LOANS UNDER DOLS 1 MILLION. ALL LOANS BETWEEN DOLS 1 MILLION AND DOLS 1.5 MILLION WILL BE ROCESSSED BY VOJVODJANSKA BANK. LOAN APPLICATIONS IN EXCESS DOLS 1.5 MILLION MUST BE APPROVED BY WORLD BANK.

7. COMMENT: LOAN PROVIDES WELCOME BOOST TO YUGOSLAV DEVELOPMENT PLANS IN PRIORITY AGRICULTURAL AREA AND INFORMATION IN SPENDING PLANS OFFER FURTHER EXAMPLE OF YUGOSLAV DETERMINATION IMPROVE PRODUCTIVITY IN BOTH SOCIAL AND PRIVATE SECTORS. YUGOSLAVIA IS DRAWING UP SUCCESSOR PROGRAM TO GREEN PLAN WHICH WILL CONTINE EMPHASIS ON AGRICULTURE, AND EXPAND INVESTMANT IN PROCESSING AND DISTRIBUTON BRANCHES AS WELL AS IN DIRECT PRODUCTION. EMBASSY BELIEVES THIS CREDIT AND YUGOSLAV AGRICULTURAL PLANS OFFER SUBSTANTIAL EXPORT OPPORTUNITIES TO US SUPPLIERS. AT RECENT AGRICULTURAL FAIR IN NOVI SAD, US EXHIBIT AROUSED CONSIDERABLE HIGH LEVEL INTEREST IN US AGRICULTURAL TECHNOLOGY WITH YUGOSLAV SECRETARY OF AGRICULTURE IVO KUSTRAK VISITING US PAVILION ON THREE OCCASIONS (SEE SEPTTEL.

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Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
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Draft Date: 19 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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TAGS: EAID, EFIN, ETRD, YO, IBRD
To: STATE
Type: TE
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